

**YADKIN COUNTY BOARD OF COMMISSIONERS
MINUTES OF BUDGET WORK SESSION/RETREAT
Monday, March 29, 2010**

The Yadkin County Board of Commissioners met for a budget work session on Monday, March 29, 2010 at Mount Olympus Restaurant, 7844 NC Hwy 67, East Bend, North Carolina.

Present were:

Chairman Chad Wagoner
Vice Chairman Kevin Austin
Commissioner Tommy Garner
Commissioner David Moxley
Commissioner Brady Wooten

Staff present:

Interim Manager, Jim Haynes
Deputy Manager, Aaron Church
Finance Director, Sheron Church
Clerk to the Board, Gina Brown

Chairman Wagoner called the meeting back to order from recess at 8:35am.

Welcome

Deputy Manager Church welcomed the Board members and staff and thanked them for attending this budget work session in addition to other obligations.

Deputy Manager Church provided a packet of materials to be discussed at today's meeting.
(The packet follows the minutes as an attachment.)

Budget Ordinance

Deputy Manager Church reported that the budget ordinance is often overlooked but is a very powerful tool. The budget ordinance sets the parameters for the span of control by the manager and the finance director. The ordinance offers instruction to the manager. It sets the tax rate for the fiscal year. Deputy Manager Church presented a sample of a functional budget ordinance and a departmental budget ordinance and discussed the pros and cons of each. Finance Director Church noted that the LGC requires the budget in a functional format and the Board was convinced by the auditors some years ago to prepare the ordinance in accordance with LGC preference.

Vice Chairman Austin stated that he preferred the departmental format as it would place more accountability on the department heads. If there is an emergency that arises during the year that causes an audit exception, "so be it." Commissioner Wooten also supported the departmental format. Chairman Wagoner, however, feels that the functional format has been working well and should not be changed.

Vice Chairman Austin continued that there may be a need for additional controls citing the recent issue with servers. Vice Chairman Austin stated that he was not aware of issues with the servers and feels that this matter has been approached without Board knowledge. Interim Manager Haynes claimed partial responsibility for the action thus far. Interim Manager Haynes reported that DSS had received stimulus dollars for the replacement or upgrade of servers. The Health Department also had unused stimulus dollars in its budget. With stimulus funds, very little County money would be needed to complete this project. Commissioner Wooten commented that need is not the issue. The issue is that the Board was not notified or consulted on this proposed project. Commissioner Wooten and Vice Chairman Austin both stated that the Board has a fiscal responsibility to the citizens. Further, Vice Chairman Austin commented that lack of control at the hospital has resulted in potential personal liability for the Board members.

Chairman Wagoner suggested that the budget ordinance follow a functional format with each department listed individually under the function. The Board briefly discussed this idea. The Board agreed to return to this topic later in the meeting.

Manager Authority

The Board discussed the authority of the County Manager to shift dollars between departments within the general fund. Commissioner Wooten stated that all budget amendments should be approved by the Board. Any budget action 'without Board oversight' would result in the Board being derelict in its duties. Commissioner Wooten stated that it does not reflect a lack of trust for the manager, but the responsibility of the Board. After brief discussion, the Board agreed that the County Manager would have the authority to shift a maximum of \$1000 within a department when no new County money is involved. All such action would be reported to the Board.

Consent Agenda

The Board discussed budget amendments and contracts being placed on a consent agenda. The Board agreed to this procedure with the understanding that an item can be discussed individually if requested by a member.

Success Academy

On a separate note, Commissioner Wooten reported a recent opportunity to speak with Dexter Crater of the Yadkin Success Academy. Mr. Crater explained to Commissioner Wooten that there is a large stimulus package available to Yadkin County Schools to fund the Success Academy. Funding is based on academic success. Given the nature of the Success Academy, Vice Chairman Austin feels that this is an exercise in futility. In addition, after a short period of time, the stimulus funds would no longer be available. Yadkin County Schools, and ultimately Yadkin County, would be responsible for the ongoing funding. Commissioner Wooten stated that Yadkin County Schools should be encouraged to reject the stimulus funding and continue the Success Academy as it currently operates.

Community Action Program

Deputy Manager Church explained that this does not involve new or additional County money. This will simply combine the agencies and establishments outside the County umbrella; such as the libraries, forestry, JCPC, Senior Services, et al.

Information Technology (IT)

Deputy Manager Church would like to remove all technology dollars from individual departments and place those dollars solely in the IT budget. This will ensure appropriate and cost-effective management of technology funds.

Cost of Living Adjustment (COLA)

Deputy Manager Church reported that he plans to present the budget with a 2% Cost of Living Adjustment. This will be a separate line item rather than presented in individual salaries. Deputy Manager Church stated that he had completed a preliminary review of departmental budgets. Deputy Manager Church commented that he could present a budget with a 10% decrease, a 10% increase or at a \$0 increase depending on the Board's preference. There was brief discussion of the decrease in projected revenues. Vice Chairman Austin stated that it would be unreasonable to expect a 10% increase in the current economic climate. Commissioner Wooten remarked that the budget should be consistent with revenues; in that, if revenues decrease by 2%, the budget should be decreased by 2%. Chairman Wagoner remarked that this is his 4th year in the budget cycle. Each year, the philosophy has been to "cut fat" from the budget. As far as Chairman Wagoner is concerned, the excess fat has been trimmed and additional cuts will be that of "muscle." Chairman Wagoner asked Deputy Manager Church to prepare a budget that would meet the needs and be in the best interest of the County.

On a side note, Vice Chairman Austin questioned the land lines and cell phones. Deputy Manager Church reported that these services are managed by the IT department.

Fund Balance

All 5 Board members agreed that no more than \$1 million should be appropriated from fund balance in order to balance the budget.

Budget Meetings

It was suggested that department heads would meet with the Board only if they were unsatisfied with the Manager's proposed budget for their individual department. All 5 Board members agreed to this process.

Tax Rate

After brief discussion, the Board agreed that the proposed budget should reflect the current tax rate with no increase or decrease.

Chairman Wagoner called for a recess at 10:05am. The Board reconvened at 10:15am.

Reducing County Debt

Vice Chairman Austin stated that reducing County debt is fundamental. However, after reviewing the figures, Vice Chairman Austin is unable to identify any savings of significance. Courthouse renovations and the solid waste garbage truck were among 2 items that were discussed. Considering the already low interest rate and closing costs, there would be no gain by refinancing the 50 loan. There were no other suggestions on this matter.

Grade Classifications/County Steps

The current grid for grade and step ends at a maximum of 30 years. Deputy Manager Church reported that he had studied this grid and believes that the ending levels can be easily adjusted. However, Deputy Manager Church stated that the bigger concern is with the grades themselves. Deputy Manager Church believes that a pay and classification study would be the most appropriate action. Commissioner Wooten suggested that the HR Committee review this matter once the budget is adopted. Chairman Wagoner feels that those employees who have served over 30 years are being penalized for staying on the job as there is no salary increase after the 30 year benchmark.

There was also brief discussion of longevity pay. It was reported that longevity pay is provided after 10 years of service at a percentage of the employee's salary. Longevity pay is not related to step increases; these are 2 separate issues.

Cost of Living Adjustment (COLA) - revisited

The Board agreed that no COLA should be proposed at this time regardless of the revenue. Perhaps this issue could be reviewed later in the budget year.

Courthouse/Board of Elections

Commissioner Wooten suggested that this matter be delayed at this time. Chairman Wagoner agreed that hospital plans should be finalized prior to approving any departmental moves. Vice Chairman Austin suggested that the Board of Elections not be moved until after the November elections.

Employee Health Insurance

Even though there continues to be employee complaints, Deputy Manager Church reported that the current HRA plan appears to be working for the County. Deputy Manager Church suggested employees be offered the option of the HRA plan at no cost to the employee or a PPO plan in which the employee would pay the difference in premium. The Board agreed to this solution.

On a separate note, Chairman Wagoner spoke briefly on the upcoming health care plan for state employees and retirees. Chairman Wagoner reported that these employees will be required to sign an affidavit of no tobacco use in order to receive the 80/20 coverage on their health insurance. Chairman Wagoner feels it is absurd that participants in entitlement programs have no restrictions and are not held to the same requirements.

NCDDOT Planning

Considering the ongoing debate for counties to assume road maintenance within their borders, the Board agreed that it should demonstrate very little enthusiasm for this topic.

On a separate note, Commissioner Moxley reported that there is no right-of-way to a portion of the county-owned SD property. This property borders the property of 3 separate land owners. At some point, the County will need to address purchasing a right-of-way or obtaining a public easement.

There was brief discussion of a citizen that continues to store equipment and occupy county-owned property in the SD area. Legal action may be needed in the future.

Courthouse Roof Repairs

It was the consensus of the Board that courthouse roof repairs are necessary. Deputy Manager Church was given the authority to solicit bids. Commissioner Wooten asked Interim Manager Haynes if there had been any further findings on the YVEDDI buildings on Elm Street. There was no new information to present today.

Chairman Wagoner called for a recess at 11:00am. The Board reconvened at 11:05am.

Loan Request for Hoots Hospital

The Board spent some time discussing the requested loan to Hoots Memorial Hospital. The Board felt that this decision could not be postponed until the meeting of April 5 due to certain timeframes and the possibility for penalties. The Board agreed that it would meet on Thursday, April 1, 2010 at 7:45am contingent upon the receipt of an official request from the hospital, information regarding the timeframe in which the loan will apply, and a payback schedule.

Chairman Wagoner asked that Interim Manager Haynes, Deputy Manager Church, and County Attorney Graham continue the track to complete the sell of the hospital on May 1, 2010.

On a separate note, Clerk Brown was notified that there would be an adjustment to the agenda at the Monday, April 5, 2010 meeting regarding the setting of a public hearing relating to the sell of the hospital.

Robert's Rules of Order

The Board briefly discussed this matter. Commissioner Wooten stated that he was satisfied with *Robert's Rules of Order* as the County procedures. Vice Chairman Austin suggested the Board review an alternate publication entitled *Suggested Rules of Procedure for the Board of County Commissioners* written by Joseph Ferrell. No action was taken at this time.

Jonesville Waterplant

The Board held a brief discussion of the financial obligation to Jonesville for the construction of a new waterplant. At this point, Yadkin County remains obligated for \$500,000 while Jonesville has a small debt to Yadkin County. The utilities committee has not met for some time. Once the committee returns to regular meetings, a new agreement will be negotiated and the status of these obligations will be determined.

Budget Ordinance – revisited

The Board agreed that the budget ordinance should be presented in a functional format.

Administrative

There was brief discussion of continuing a deputy manager position in the upcoming budget. The Board agreed and asked that the position be filled and in place by January 1, 2011. Deputy Manager Church also announced \$10,000 in the proposed budget for an internship.

Adjournment

Deputy Manager Church thanked the Board for attending today's work session. Deputy Manager Church stated his appreciation for the Board's input and direction on the proposed budget. Board members thanked Deputy Manager Church for organizing the event and for the data presented.

Vice Chairman Austin made a motion to adjourn. Commissioner Garner second.

Vote: 5/0

Meeting adjourned at 12:13pm.

Prepared by Clerk to the Board of County Commissioners

Date Approved by the Yadkin County
Board of Commissioners